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DEPARTMENT OF COMMERCE

International Trade Administration

[A-583-851]

Non-Oriented Electrical Steel from Taiwan: Final Determination of Sales at Less Than Fair Value

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The Department of Commerce (“Department”) determines that non-oriented electrical steel (“NOES”) from Taiwan is being, or is likely to be, sold in the United States at less than fair value (“LTFV”), as provided in section 735 of the Tariff Act of 1930, as amended (the “Act”). The final weighted-average dumping margins of sales at LTFV are listed in the “Final Determination” section of this notice.

DATES: EFFECTIVE DATE: (INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER.)

FOR FURTHER INFORMATION CONTACT: Krisha Hill or Karine Gziryan, AD/CVD Operations, Office IV, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-4037 or (202) 482-4081, respectively.

SUPPLEMENTARY INFORMATION:

Background

The Department published its Preliminary Determination on May 22, 2014.¹ We invited parties to comment on our Preliminary Determination. On August 11, 2014, we received case

¹ See Non-Oriented Electrical Steel from Taiwan: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination, 79 FR 29428 (May 22, 2014) (“Preliminary Determination”).

briefs from China Steel Corporation (“CSC”), and AK Steel Corporation (“Petitioner”).² On August 18, 2014, CSC submitted a rebuttal brief.³ Based on an analysis of the comments received, the Department made changes from the Preliminary Determination.

Period of Investigation

The period of investigation (“POI”) is July 1, 2012, through June 30, 2013.

Scope of the Investigation

The merchandise subject to this investigation consists of non-oriented electrical steel (NOES), which includes cold-rolled, flat-rolled, alloy steel products, whether or not in coils, regardless of width, having an actual thickness of 0.20 mm or more, in which the core loss is substantially equal in any direction of magnetization in the plane of the material. The term “substantially equal” means that the cross grain direction of core loss is no more than 1.5 times the straight grain direction (*i.e.*, the rolling direction) of core loss. NOES has a magnetic permeability that does not exceed 1.65 Tesla when tested at a field of 800 A/m (equivalent to 10 Oersteds) along (*i.e.*, parallel to) the rolling direction of the sheet (*i.e.*, B₈₀₀ value). NOES contains by weight more than 1.00 percent of silicon but less than 3.5 percent of silicon, not more than 0.08 percent of carbon, and not more than 1.5 percent of aluminum. NOES has a surface oxide coating, to which an insulation coating may be applied.

The subject merchandise is provided for in subheadings 7225.19.0000, 7226.19.1000, and 7226.19.9000 of the HTSUS. Subject merchandise may also be entered under subheadings 7225.50.8085, 7225.99.0090, 7226.92.5000, 7226.92.7050, 7226.92.8050, 7226.99.0180 of the HTSUS. Although HTSUS subheadings are provided for convenience and customs purposes, the

² See Letter from CSC to the Department regarding, “Non-Oriented Electrical Steel (NOES) from Taiwan – China Steel Case Brief,” dated August 11, 2014; *see also* Letter from Petitioner to the Department regarding, “Non-Oriented Electrical Steel From Taiwan: Petitioner's Case Brief,” dated August 11, 2014.

³ See Letter from CSC to the Department regarding, “Non-Oriented Electrical Steel (NOES) from Taiwan – China Steel Rebuttal Brief,” dated August 18, 2014.

written description of the scope is dispositive. For a complete description of the scope of this investigation, see the Issues and Decision Memorandum, dated concurrently with this notice.⁴

Use of Facts Otherwise Available and Adverse Facts Available (AFA)

In the Preliminary Determination, we stated that because the mandatory respondent Leicong Industrial Company, Ltd. (“Leicong”) failed to respond to the Department’s questionnaire, we preliminarily determined to apply facts otherwise available with an adverse inference to this respondent pursuant to sections 776(a) and (b) of the Act. Pursuant to section 776 of the Act, the Department continues to find it appropriate to base Leicong's rate on AFA. Further, we continue to find that the margin in the Petition, which we determined during our pre-initiation analysis was based on adequate and accurate information, and which we corroborated in the Preliminary Determination, is the appropriate AFA rate for Leicong. In applying AFA, we are assigning Leicong a rate of 52.23 percent.

Verification

As provided in section 782(i) of the Act, the Department conducted sales and cost verifications of the questionnaire responses submitted by CSC. The Department used standard verification procedures, including examination of relevant accounting and production records and original source documents provided by the respondent.

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties in this investigation are addressed in the Issues and Decision Memorandum. A list of the issues raised by the parties and to which the Department responded in the Issues and Decision Memorandum is attached to this

⁴ See Memorandum from Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Paul Piquado, Assistant Secretary for Enforcement and Compliance regarding, “Issues and Decision Memorandum for the Final Determination of Sales at Less Than Fair Value: Non-Oriented Electrical Steel from Taiwan,” dated October 6, 2014 (“Issues and Decision Memorandum”).

notice as an Appendix. The Issues and Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System ("IA ACCESS"). IA ACCESS is available to registered users at <http://iaaccess.trade.gov>, and is available to all parties in the Central Records Unit, which is in room 7046 of the main Department of Commerce building. In addition, a complete version of the Issues and Decision Memorandum can be accessed directly on the internet at <http://enforcement.trade.gov/frn/index.html>. The paper copy and electronic version of the Issues and Decision Memorandum are identical in content.

Changes Since the Preliminary Determination

Based on our analysis of the comments received and our findings at verification, we made the following changes to the margin calculation for CSC. We relied on the COP data submitted by CSC except as follows.

- We allowed CSC's full cost allocation to secondary and salvage products.
- We increased CSC's cost of manufacturing to reflect the market value of its affiliated party purchases of scrap in accordance with the transactions disregarded rule of section 773(f)(2) of the Act.
- For difference-in-merchandise ("DIFMER") purposes, we excluded CSC's depreciation expense for all stages of production (i.e., steelmaking through the electrical steel process) from the variable cost of manufacturing ("VCOM"). This results in a decrease to the per-unit VCOM for DIFMER purposes.

For additional details on the above issues, see Memorandum to Neal M. Halper, Director of Office of Accounting, "Cost of Production and Constructed Value Calculation Adjustments for the Final Determination – China Steel Corporation," dated October 6, 2014.

Final Determination

The Department determines that the following final dumping margins exist for the POI:

Producer or Exporter	Weighted-Average Dumping Margin
China Steel Corporation	27.54%
Leicong Industrial Company, Ltd.	52.23%
All Others	27.54%

Disclosure

The Department intends to disclose calculations performed for this final determination to the parties within five days of the date of publication of this notice in accordance with 19 CFR 351.224(b).

Continuation of Suspension of Liquidation

Pursuant to section 735(c)(1)(B) of the Act, we will instruct U.S. Customs and Border Protection (CBP) to continue to suspend liquidation of all entries of NOES from Taiwan which were entered, or withdrawn from warehouse, for consumption on or after May 22, 2014, the date of publication of the Preliminary Determination. We will instruct CBP to require a cash deposit equal to the weighted-average amount by which normal value exceeds U.S. price, as follows: (1) The rates for CSC and Leicong Industrial Company, Ltd. will be the rates we have determined in this final determination; (2) if the exporter is not a firm identified in this investigation but the producer is, the rate will be the rate established for the producer of the subject merchandise; (3) the rate for all other producers or exporters will be 27.54 percent, as discussed in the “All Others Rate” section, below. These suspension of liquidation instructions will remain in effect until further notice.

“All Others” Rate

Section 735(c)(5)(A) of the Act provides that the estimated “all others” rate shall be an amount equal to the weighted average of the estimated weighted-average dumping margins established for exporters and producers individually investigated, excluding any zero or de minimis margins and any margins determined entirely under section 776 of the Act. CSC is the only respondent in this investigation for which we calculated a company-specific rate that is not zero, de minimis, or determined entirely under section 776 of the Act. Therefore, for purposes of determining the “all others” rate and pursuant to section 735(c)(5)(A) of the Act, we are using the dumping margin calculated for CSC, 27.54 percent, for the “all others” rate, as referenced above.

U.S. International Trade Commission (“ITC”) Notification

In accordance with section 735(d) of the Act, we notified the International Trade Commission (ITC) of our final determination. As our final determination is affirmative, and in accordance with section 735(b)(2) of the Act, the ITC will determine, within 45 days, whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports or sales (or the likelihood of sales) for importation of NOES from Taiwan. If the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing CBP to assess antidumping duties on all imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation.

Notification Regarding Administrative Protective Orders (“APO”)

This notice also serves as a reminder to the parties subject to APO of their responsibility concerning the disposition of propriety information disclosed under APO in accordance with 19

CFR 351.305. Timely written notification of return or destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a sanctionable violation.

Notification to Interested Parties

This determination is issued and published in accordance with sections 735(d) and 777(i)(1) of the Act.

Dated: October 6, 2014.

Paul Piquado,
Assistant Secretary
for Enforcement and Compliance.

Appendix

ISSUES FOR THE FINAL DETERMINATION

Summary

Background

Period of Investigation

Scope of the Investigation

Discussion of Issues

Comment 1: Whether the Department Should Exclude CSC's Sales Ultimately
Destined to a Third Country from the Margin Calculation

Comment 2: Difference between POI Net Cost of Manufacturing and Total Cost of
Manufacturing

Comment 3: Fixed Overhead (FOH) for CONNUM 16216011

Recommendation

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